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tative—*i. e.*, proportional, and a referendum of all-important local measures to the localities themselves. As to the latter, in Rhode Island, where over 85 per cent of the people live in cities and towns of over 8,000, and where four-fifths of their number are within a radius of fifteen miles of the state-house in Providence, the state regulation of many things formerly deemed the exclusive province of the town or city, is bound to come. Were the legislature an actual representation of the people instead of a parody on it, there would be little cause for complaint in this compact little "city state," as it has been aptly styled.

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MR. CARNEGIE AS ECONOMIST AND SOCIAL REFORMER.

Under title of "The Gospel of Wealth,"¹ is brought together in convenient form, the thought product of a man who has not only proven himself a master in industrial enterprise, but also in close touch with his fellow men. Foreign-born, coming to America as a poor boy with his parents and younger brother, the whole family wage-earners, Mr. Carnegie is a splendid example of the common man, rising from squalor and adversity to the commanding position which honesty, industry and high standards of life make possible under free institutions. It is a commentary on European conditions to read of Czar and Emperor trembling for personal safety, looking upon the common man as a menace to society. Under the freer conditions of America, Australia or Canada this same class, many of them the very ones whose attitude toward society has been considered most dangerous, revolutionists, even criminals, coming to lands where the hold of government is most lax, become strong, useful, patriotic citizens—liberty-loving, but strong in their attachment to law and social order. It is quite as significant to find those who have labored in poverty, whose only shelter had been a shed, and whose reasonable hopes, under European conditions, could never rise above the associations of a thatched roof, becoming the sturdy, substantial men of affairs, or, possessed of uncommon ability, with broader opportunity given, coming to the forefront in the management of industry, commerce, in politics and in learning. Too often do we hear our institutions and our society berated. Too often do we have the narrow view of the man who draws his picture from the constrained horizon of a privileged class or the perverted eccentricity of a weakling. It is most hopeful to find a man, rising from humble station, attaining to success which gives him power superior to that of kings, still announcing a doctrine full of patriotic devotion to the institutions that have been favorable to his

¹ Published by the Century Publishing Company. New York, 1900. Pp. 305.

rise, keenly sympathetic with his fellows and enthusiastic for the amelioration of conditions against which the less fortunate must struggle.

The circumstances out of which Mr. Carnegie has risen give to his expressions on social and economic questions more than common interest. It is the purpose of this review to point out some of the leading principles set forth in this collection of essays.

The premises of Mr. Carnegie's theory of wealth are those generally admitted by those who think seriously about social and economic problems, viz.:

1. That invention, improved industrial equipment, division of labor, increased capitalization, etc., are the means whereby man is able to provide more abundantly for the satisfaction of his wants.

2. That with better industrial equipment and broader co-operation special ability in the management of enterprise is essential.

Conclusion: "A condition of affairs under which the best interests of the race are promoted . . . inevitably gives wealth to the few," while the masses have only an increased competence as their reward.

It should be noticed that Mr. Carnegie uses wealth to mean a surplus over and above "moderate sums saved by many years of effort, the returns from which are required for the comfortable maintenance and education of families." This moderate sum is not regarded by him as wealth, "but only competence, which it should be the aim of all to acquire, and which for the best interests of society should be acquired." His theory, therefore, proceeds from the generally recognized fact, that with modern improvements in production there is a large surplus remaining after satisfying the demands of those contributing to the co-operative process. In other words, that the enormous wealth accumulated in the hands of modern industrial and financial managers is the result of gross income increasing faster than the increase in wages and other charges against gross income.

The point of departure is quite the same as that employed by others in their reasoning; the striking feature of Mr. Carnegie's "gospel" is found in his concept of the duties and responsibilities of men of wealth. The second step in his philosophy, if reduced to logical form, would be something as follows:

Wealth is the product of co-operative effort.

The enormous surplus which flows from modern industrial process comes to the few by reason of established principles of social order—principles evolved by society as a basis for harmonious effort, such as the protection of rights of property, the right to individual initiative, the right of incorporation, etc.

Since the millionaire is made by the social order in which he lives, he holds his wealth "in trust" for the benefit of that society.

Mr. Carnegie's theory of disposition of surplus, of duty and responsibility, is based on the idea of trusteeship. The conclusion naturally follows that the aim of a man of wealth should be to administer the surplus in his hands in the interest of social welfare. By so doing, it is his thought, "the ties of brotherhood may still bind together the rich and poor in harmonious relation."

The whole question of trust responsibility is raised by the question: "*What is the proper mode of administering wealth after the laws upon which civilization is founded have thrown it into the hands of a few?*" Mr. Carnegie sees only three modes in which surplus wealth can be disposed of:

1. It can be left to the families of decedents.
2. It can be bequeathed for public purposes.
3. Or, finally, it can be administered by its possessors during their lives.

Of these, the first is considered the least judicious. He sees nothing but failure in the past—failure from the point of view of the welfare of the family, failure with reference to the welfare of society. For evidence, he points to monarchical countries, where the estates and the greatest portion of the wealth of the ancestor have gone to the first son. This form of bequest is based on the hope that the ancestor's name and title might descend unimpaired to succeeding generations. "The condition of this class in Europe to-day," says Mr. Carnegie, "teaches the failure of such hopes and ambitions. The successors have become impoverished through their follies, or from the fall in the value of land. Even in Great Britain the strict law of entail has been found inadequate to maintain an hereditary class."

Under republican institutions the division of property among children is considered much fairer; but the question which forces itself upon thoughtful men in all lands is: "Why should men leave great fortunes to their children? If this is done from affection, is it not misguided affection? Observation teaches us that, generally speaking, it is not well for the children . . . neither is it well for the state. There are," continues Mr. Carnegie, "instances of millionaires' sons unspoiled by wealth, who, being rich, still perform great services to the community. . . . Unfortunately they are rare. It is not the exception, however, but the rule that men must regard; and looking at the usual result of enormous sums conferred upon legatees, the thoughtful man must shortly say, "I would as soon leave to my son a curse as the almighty dollar, and admit to himself that it is not the welfare of children, but family pride, which inspires these legacies."

The second mode of administration is considered as a half-hearted

way of serving the public. In the first place, the decedent runs the risk of having his will defeated, or the funds misdirected. In the second place, it is to be fairly assumed that he who contributes nothing toward public welfare during his lifetime makes this disposition because his wealth cannot be of any further service to himself; that he would not give it to the public if he could take it with him.

The third mode, that of administering wealth during the lifetime of the possessor, commends itself most favorably. It is in this that is to be found the true antidote for "the temporary unequal distribution of wealth." The effect of such a plan of distribution would be "the reconciliation of the rich and poor"—a reign of harmony . . . Under its sway we shall have an ideal state, in which the surplus wealth of the few will become, in the best sense, the property of the many, because administered for the common good. Wealth is thus regarded as "*passing through* the hands of the few" for the benefit of the many; and this by forethought in administration and proper direction given by those accustomed to the management of great estates, to be "a much more potent force for the elevation of the race than if distributed in small sums to the people themselves."

Mr. Carnegie summarizes the duties of the man of wealth as follows:

"To set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community—the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer."

Having established his ideal, the duty of the man of wealth, the most difficult problem follows—the practical method of administering riches in such manner as to conserve social welfare. Here we have the good practical sense of the man most strongly brought out. He announces for his major premise, as before, a well-admitted fact, viz., that *one of the most serious obstacles to the improvement of our race is indiscriminate charity*. To recognize the fact that giving to the beggar on the street, or contributing to the poor in such a way as to encourage a spirit of dependence, degrades them and tends to undermine our whole social strength, is certainly a step in the right direction. If people charitably inclined could be made to realize that, "of every thousand dollars spent in *so-called* charity to-day, it is probable that nine hundred and fifty are unwisely spent—so spent indeed as to produce the very evils which it hopes to mitigate or

cure;" if the man of wealth would but recognize that "it were better for mankind that the millions of the rich were thrown into the sea than so spent as to encourage the slothful, the drunken, the unworthy;" if those in circumstances to give would not look upon their contribution as something to be given away, but as a trust to be carefully and conscientiously administered for social welfare, much progress would be made. The degenerate must finally succumb by reason of his degeneracy. Wealth should not be used to breed a new race of degenerates; rather in such manner as will assist men to become strong, self-reliant, useful members of society. "In bestowing charity, the main consideration should be to help those who will help themselves; to give to those who desire to rise, the aids by which they may rise."

Among the best uses by which a millionaire can devote the surplus of which he should regard himself as only a "trustee" are the following:

The building up and endowing of institutions of learning; contributions to free libraries; the founding of hospitals, medical colleges, laboratories and other institutions connected with the alleviation of human suffering, and especially with the prevention rather than the cure of human ills; public parks; public halls, and auditoriums for meetings of all kinds; swimming baths and churches. All of these are regarded as proper means for the upbuilding of the race, but even in such benefactions Mr. Carnegie is careful to make the qualification that the means should be granted only on condition that the community will accept and maintain the object as a public institution. He would have not only the individual but the organized community inspired with the idea of self-help, and the wealth of the millionaire esteemed as an aid to higher effort.

Flowing naturally from Mr. Carnegie's trust theory of wealth, he announces his unqualified support of the inheritance tax as "a cheering indication of the growth of a salutary change in public opinion." It is his thought that nations should go much further in this direction. "Indeed," he says, "it is difficult to set bounds to the share of a rich man's estate which should go at his death to the public through the agency of the state, and by all means such taxes should be graduated, beginning at nothing upon moderate sums to dependents and increasing rapidly as the amounts swell, until of the millionaire's hoard as of Shylock's, at least

'To the privy coffer of the state,
The other half comes.'

"This policy would work powerfully to induce the rich man to the administration of wealth during his life, which is the end that society

should always have in view, as being by far the most fruitful for the people."

Writing on the relations of capital and labor, he holds that capital is properly regarded as an instrument of production. The problem of society with reference to capital is that of its highest and best use. Human ability is the second factor. Capital is the means whereby this ability is increased. This highest and best use of these two factors, capital and human ability, is accomplished through broad co-operative enterprise. There must be an organic relation established between the two. It is Mr. Carnegie's belief that the possession of wealth should relieve no man of the duty of devoting his best thought and energy to useful occupation—something that will contribute to human comfort or happiness. In true democratic spirit, the old idea that industry is vulgar is discarded. Perhaps nothing marks Mr. Carnegie as truly American more strongly than this. His great mind revolted at the idea that he who, possessed of the every means of making the struggle of life easier and the victory the more complete, should look for reputation and applause in idle luxury or display. He imbibes the spirit of Mr. Gladstone and President Cleveland. He exults in the victories that the industrial classes have achieved against ideals of caste and privileged class. "The struggle in which labor has been engaged during the past three hundred years, first against authority and then against capital, has been a triumphal march. Victory after victory has been achieved. . . . Even as late as the beginning of this (the nineteenth) century, the position of the laborer in some departments was such as can scarcely be credited . . . down to 1779 the miners of Britain were in a state of serfdom. They were compelled to remain in pits as long as the owners chose to keep them or work them, and were actually sold as part of the capital invested in the works. If they accepted an engagement elsewhere, their master could always have them fetched back and flogged as thieves for having attempted to rob him of their labor.

"Consider the change, nay, the revolution. Now the poorest laborer in America or in England, or indeed throughout the civilized world, who can handle a pick or a shovel, stands upon equal terms with the purchaser of his labor. . . . Not only has the laborer conquered his political and personal freedom; he has achieved industrial freedom, as well, as far as the law can give it. And he now fronts his master proclaiming himself his equal before the law."

Speaking of the English reform law of 1885, Mr. Carnegie, with feelings of pride, remarks: "For the first time in their history the majority of the people have power. Henceforth England is democratic. Cajoled, overruled, thwarted for generations by the aristocratic

classes, who have doled out to them from time to time only such small measures of reform as were necessary to prevent revolution, the people have never been fully heard. A climax, however, was reached last session, when an act was forced upon the House of Lords, which at once transferred power from the privileged few to the masses."

Equal before the law! Industrial freedom as far as the law can give! But Mr. Carnegie would not stop here. He recognizes that the justice of labor's claim may not be secure so long as superior forces are arrayed against it. He, therefore, would have this freedom established and enforced through higher education and labor organization. "Education is everywhere a sure destroyer of privilege." "I attribute the greatest importance to an organization of the men, through whose duly-elected representatives its managers may be kept informed from time to time of their grievances and suggestions." Mr. Carnegie considers labor organizations as essential to labor rights—essential to peaceful co-operation between capital and labor. The methods suggested as a means to better adjustment of the relations of capital and labor are as follows:

1. A co-operative arrangement by which the workers may become part owners—profit sharers.
2. Compensation based on a sliding scale of prices.
3. Conferences between representatives of organized labor and industrial managers.
4. Peaceful arbitration in all cases where differences cannot be settled by representatives.

As to the organization of capital Mr. Carnegie concludes "that this overpowering, irresistible tendency toward aggregation of capital and increase of size in every branch of product cannot be arrested or greatly impeded; and that instead of attempting to restrict either we should laud every increase as something gained—not for the few rich, but for the millions of poor. . . . Every enlargement is an improvement, step by step, upon what preceded. It makes for higher civilization, for the enrichment of human life. Not for one, but for all classes of men."

This in a nut-shell sums up his views as to the organization of capital and industry. But he cannot see any wholesome result coming from the modern "trust;" this appears to him as misdirected effort. He sees no peril to industrial progress in the trust, only ruin for the promoters and financial managers. To use his language, "every attempt to monopolize the manufacture of any staple article carries within its bosom the seeds of failure. Upon most of them can already be written the appropriate epitaph:

"If I was so soon to be done for,
I wonder what I was begun for.'"